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Questions & Answers Regarding Open County Application Update
July 25, 2014

Q: If the original application listed a cultivation/dispensary in the same building, with no need for transportation between cultivation site and dispensary and the new applications require delivery from cultivation to dispensary sites, then does the application have anywhere to indicate a change in the security plan to allow for this change in locations? How and when will the security plan be evaluated with respect to the need for delivery to the dispensary? Is this just part of the follow-up vetting process, or does the new application provide for this information to be provided?

A: Please provide a description of the security plan, including transportation, on the proposed plan within the Community Narrative on Form 4. Security plans will also be subject to rigorous review during the inspectional phase for applicants that receive a Provisional Certificate of Registration.

Q: If a new advisor is hired to help identify appropriate locations for a dispensary in an open county, does such as advisor require a background check? If a security firm is consulted, does a member of the security firm need a background check? Legal advisors and community liaisons presumably do not require background checks if they are not working in the dispensary at any time. Can you verify?

A: Consistent with the expanded background checks that are required prior to receiving a final certificate of registration, anyone who is providing advice, counsel, consulting or expertise to the applicant would be subject to a background check. This would include all employees (including those hired on a contract basis), board members, investors, consultants, and volunteers. If the advisor you are referencing falls into these categories, then you should assume a background check is necessary. In addition, a security firm, law firm or other organization providing services will need to undergo a corporate check. The cost for the individual checks is \$550, and the corporate check is \$250 per entity. All background check material must be submitted no later than 3:00pm EST on August 29, 2014.

Q: How does the applicant indicate the preferred location and the secondary preference?

A: The applicant should indicate its preferred location and secondary preference by stating this on Form 4, Community Narrative, and include a reason for it being the first choice.

Q: In making projections for patient numbers and amount of medication needed, should the application assume a single dispensary in the open counties, or should estimated needs reflect the number of dispensaries originally allocated per county? Can you provide guidance as to projected dispensary number per county for years 2 and 3 in the financial projections? Is it anticipated that the full 35 dispensary limit will be reached by year 3 (2017)?

A: The applicants need to make their projections based on a set of business assumptions they establish. Applicants should include a short explanation of these assumptions on Form 5, Patient Population Narrative. The Department does not have projections on the numbers of RMDs it anticipates being open by 2017. We are interested in pursuing the highest quality applications that will provide the highest quality product to patients in need across the Commonwealth.

Q: Can you provide guidance as to the primary criteria for selecting which applications will receive priority if more than one application is made to the same open county? Will patient access and public transportation to the site be a determining factor?

A: The Department will consider a number of factors, such as patient access, public safety, ability to meet the overall health needs of qualifying patients, local support, likelihood of successful siting in the proposed location, presence of a home delivery system, community health indicators, and access to health care providers. The Department encourages applicants to review the presentation available on mass.gov/medicalmarijuana outlining the selection process the selection committee followed in making their recommendations.

Q: To what extent can a community provide guidance to the DPH as to the possible preference among multiple applicants?

A: Local support is important to the selection process, but only one factor that will be taken into consideration, as stated above. The Department wants to ensure that a community is willing to host an RMD, so long as they meet the highest standards being set forth by the DPH.

Q: Will the Program extend the application deadline to give applicants more time to build community/local support and property relations in two separate counties?

A: No. The Department does not intend to extend the application deadline. Applicants are not required to propose locations in two counties.

Q: In regards to the emails, will answers to questions asked by one person be only sent to one person?

A: Responses to all initial questions were sent to all applicants on July 25, 2014. If needed, the Department will provide any further updates to all applicants through email.

Q: Will background checks need to be done again?

A: Background checks will be completed on all individuals associated with the RMD prior to the Department issuing a final certificate of registration. This includes anyone who was mentioned in the original application, as well as anyone who has since become associated with the RMD. Further guidance will be issued.

Q: Has DPH determined if there will be just one applicant approved per county or more than one?

A: Our goal is to ensure patient access. We will look at geographic equity and patient needs as part of our review, and determine the most appropriate locations after reviewing the applications.

Q: Will the application be rescored and, if so, will it be completed by an outside committee? Will the scoring be done for the overall application or only on the updated portions?

A: No, the applications will not be rescored. After the applicant submits their Open County Application, the Department will complete the verification process, including verification of information submitted on November 21, 2013, as applicable; expanded background checks; verifying local support; conducting extended reviews of financial management, investors; operational plans and management structure; and reviewing the status of relationships with host communities. Applicants will be required to attest that all information submitted during the application process is truthful, complete and accurate.

The Department will convene the Selection Committee to review all applications, with a focus on patient access and geographic equity. There will be no numerical rescoring done. The Selection Committee will make their recommendations to the Executive Director. The Executive Director will make the final decisions on the outcomes of the applications.

Q: Will scores from phase 2 have any impact on this round of the application?

A: No. These applicants are already considered to be qualified and moved into the verification phase as a result. This next phase, allowing them to select a new location, will focus on patient access, geographic equity, continued suitability, among other factors described in the answer above.

Q: How does the \$500K in each applicant's account play into this application?

A: Applicants who are being invited to update their application for a new location in an open county need to maintain the \$500K in their account and demonstrate in the verification process that that money is available throughout this phase. The account may be a traditional business banking account, a money market account, or other cash account, but it may not be held in bonds. The funds must be in the account of the corporation, the CEO/Executive Director or President of the Board of Directors. If the account is a personal account in the name of an individual only and not in the name of the corporation, the statement documenting available

funds must be accompanied by an assurance from the account holder that the funds will be available for RMD start-up costs, and will remain available until no longer required. DPH will be requiring a letter of commitment with the bank statement. The funds must remain in the account until DPH issues its decisions on successful RMD applicants. If an applicant is successful, the funds may be used immediately to set up the RMD.

Q: Will an applicant have a chance at another location in a remaining open county if they don't get their first or second choice?

A: No. If an applicant is not selected to advance to the inspectional phase in the location(s) they provided as alternatives, they will be eligible to apply again in the next open round.

Q: How will the state address concerns raised in the media regarding a Coast Guard ban on transporting marijuana between the Cape and the Islands for applicants who may want to grow on the mainland, but dispense on the Cape?

A: Applicants proposing to operate RMDs should consult with their own counsel and be prepared to address federal issues appropriately.